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Attorneys for Pine Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF PINE WATER
COMPANY FOR A DETERMINATION
OF THE CURRENT FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE AND FOR
APPROVAL TO INCUR LONG-TERM
DEBT

DOCKET NO: W-03512A-03-0279

**NOTICE OF FILING RATE REVIEW
SCHEDULES**

Pursuant to Decision No. 70839 (March 17, 2009), Pine Water Company ("PWCo" or "Company") hereby files rate review schedules for the periods ended December 31, 2006 – December 31, 2008. *See Exhibit A.*¹

On May 15, 2009 PWCo filed a request to stay all compliance obligations, including the rate review requirement ordered in Decision No. 70839. On June 9, 2009 the Pine Strawberry Water Improvement District ("PSWID") responded to the Company's request, and on June 11, 2009 the Company filed a reply to PSWID's response. Although PWCo still believes a complete stay of all proceedings is in the public interest, in the spirit of cooperation the Company hereby submits the required rate review information.

¹ For each of the three years the Company is providing two schedules, entitled "Rate Review Filing – Schedule 1" and "Rate Base – Schedule 2."

1 As shown in the attached schedules, PWCo is not earning a just and reasonable
2 return. However, the Company has a slim operating margin, evidencing that it can
3 continue operations pending the outcome of the condemnation without rate relief.

4 DATED this 30th day of July, 2009.

5 FENNEMORE CRAIG, P.C.

6
7 By _____

Jay L. Shapiro
Todd C. Wiley
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Attorneys for Pine Water Company

11 **ORIGINAL** and 13 copies of the foregoing
12 filed this 30th day of July, 2009 with:

13 Docket Control
14 Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

15 **COPY** of the foregoing hand-delivered
16 this 30th day of July, 2009 to:

17 Dwight D. Nodes, Assistant Chief ALJ
Hearing Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

19 Charles Haines, Esq.
20 Legal Division
Arizona Corporation Commission
21 1200 W. Washington St.
Phoenix, AZ 85007

22 Ernest G. Johnson, Director
23 Utilities Division
Arizona Corporation Commission
24 1200 W. Washington St.
Phoenix, AZ 85007

1 Linda Jaress
Utilities Division
2 Arizona Corporation Commission
1200 W. Washington St.
3 Phoenix, AZ 85007

4 **COPY** of the foregoing mailed
this 30th day of July, 2009 to:

5
6 John O. Breninger
P.O. Box 2096
Pine, AZ 85544

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8 Robert M. Cassaro
P.O. Box 1522
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10 John G. Gliege
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11 Flagstaff, AZ 86002-1388

12 By: _____
2220625.1/75206.006

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EXHIBIT

A

Company Name: PINE WATER COMPANY

Docket Number:

Decision Number:

Period Ending: 12/31/2006

RATE REVIEW FILING Schedule 1

Revenue:

1	Water Sales	\$785,326
2	Other Operating Revenue	62,055
3	Total Operating Revenue (Line 1 plus Line 2)	\$847,381

Operating Expenses:

4	Purchased Power/Purchased Water	\$117,553
5	Operation and Maintenance	\$432,153
6	Depreciation	51,571
7	Taxes Other than Income	0
8	Income Tax	0
9	Total Operating Expenses (Sum of lines 4 through 8)	\$601,277

10	Operating Income/(Loss) (Line 3 less Line 9)	\$246,104
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11	Rate Base O.C.L.D. (From Schedule 2, Line 15)	\$322,426
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12	Rate of Return - O.C.L.D. (Line 10 divided by Line 11)	76%
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13	OPERATING MARGIN ¹ (Line 10 divided by Line 3)	29%
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14	Interest Expense	\$ 1,452
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15	INTEREST COVERAGE ² (Line 10 plus Line 8 divided by Line 13)	18,931
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NOTE: 1. Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

2. Interest Coverage represents the ability of the Company to pay interest expenses before taxes.

Company Name: PINE WATER COMPANY
Period Ending: 12/31/2006

Schedule 2

RATE BASE
Schedule 2

Original Cost Rate Base Per Company		
1	Plant in Service	2,120,087
2	Accumulated Depreciation	1,432,661
3	NET PLANT (Line 1 less Line 2)	687,426
4	Plant Advances	\$12,057
5	Service Line & Meter Advances	\$68,681
6	Total Advances (Line 4 plus Line 5)	\$80,738
7	Gross Contributions	\$958,323
8	Amortization of Contributions	\$591,746
9	Net Contributions (Line 7 less Line 8)	\$366,577
10	1/24 Purchased Power/Water ¹	\$4,898
11	1/8 Operation & Maint. ²	\$54,019
12	Inventory	\$0
13	Prepayments	\$23,398
14	Total Other Items (Sum of Lines 10 through 13)	\$82,315
15	Rate Base (Line 3 less Line 6, less Line 9, plus Line 14)	\$322,426

NOTE: 1. Line 10 is the quotient of Line 4 from Schedule 1 divided by 24.

2. Line 11 is the quotient of Line 5 from Schedule 1 divided by 8.

Company Name: PINE WATER COMPANY

Docket Number: _____

Decision Number: _____

Period Ending: 12/31/2007

RATE REVIEW FILING

Schedule 1

Revenue:

1	Water Sales	\$762,902
2	Other Operating Revenue	232,282
3	Total Operating Revenue (Line 1 plus Line 2)	\$995,184

Operating Expenses:

4	Purchased Power/Purchased Water	\$224,533
5	Operation and Maintenance	\$774,399
6	Depreciation	52,691
7	Taxes Other than Income	0
8	Income Tax	0
9	Total Operating Expenses (Sum of lines 4 through 8)	\$1,051,623

10	Operating Income/(Loss) (Line 3 less Line 9)	(\$56,439)
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11	Rate Base O.C.L.D. (From Schedule 2, Line 15)	\$366,363
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12	Rate of Return - O.C.L.D. (Line 10 divided by Line 11)	-15%
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13	OPERATING MARGIN ¹ (Line 10 divided by Line 3)	-6%
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14	Interest Expense	\$ 1,513
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15	INTEREST COVERAGE ² (Line 10 plus Line 8 divided by Line 13)	(4,341)
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NOTE: 1. Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

2. Interest Coverage represents the ability of the Company to pay interest expenses before taxes.

Company Name: PINE WATER COMPANY
Period Ending: 12/31/2007

Schedule 2

RATE BASE
Schedule 2

		Original Cost Rate Base Per Company
1	Plant in Service	2,145,966
2	Accumulated Depreciation	1,484,711
3	NET PLANT (Line 1 less Line 2)	661,255
4	Plant Advances	\$0
5	Service Line & Meter Advances	\$58,674
6	Total Advances (Line 4 plus Line 5)	\$58,674
7	Gross Contributions	\$958,323
8	Amortization of Contributions	\$615,950
9	Net Contributions (Line 7 less Line 8)	\$342,373
10	1/24 Purchased Power/Water ¹	\$9,356
11	1/8 Operation & Maint. ²	\$96,800
12	Inventory	\$0
13	Prepayments	\$0
14	Total Other Items (Sum of Lines 10 through 13)	\$106,155
15	Rate Base (Line 3 less Line 6, less Line 9, plus Line 14)	366,363

NOTE: 1. Line 10 is the quotient of Line 4 from Schedule 1 divided by 24.

2. Line 11 is the quotient of Line 5 from Schedule 1 divided by 8.

Company Name: PINE WATER COMPANY

Docket Number: _____ Decision Number: _____

Period Ending: 12/31/2008

RATE REVIEW FILING
Schedule 1

Revenue:

1	Water Sales	\$734,133
2	Other Operating Revenue	5,944
3	Total Operating Revenue (Line 1 plus Line 2)	\$740,077

Operating Expenses:

4	Purchased Power/Purchased Water	\$48,551
5	Operation and Maintenance	\$622,121
6	Depreciation	52,544
7	Taxes Other than Income	0
8	Income Tax	0
9	Total Operating Expenses (Sum of lines 4 through 8)	\$723,216

10	Operating Income/(Loss) (Line 3 less Line 9)	\$16,861
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11	Rate Base O.C.L.D. (From Schedule 2, Line 15)	\$384,525
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12	Rate of Return - O.C.L.D. (Line 10 divided by Line 11)	4%
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13	OPERATING MARGIN ¹ (Line 10 divided by Line 3)	2%
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14	Interest Expense	\$ 4,067
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15	INTEREST COVERAGE ² (Line 10 plus Line 8 divided by Line 13)	1,297
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NOTE: 1. Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

2. Interest Coverage represents the ability of the Company to pay interest expenses before taxes.

Company Name: PINE WATER COMPANY
Period Ending: 12/31/2008

Schedule 2

RATE BASE
Schedule 2

		Original Cost Rate Base Per Company
1	Plant in Service	2,164,346
2	Accumulated Depreciation	1,537,255
3	NET PLANT (Line 1 less Line 2)	627,091
4	Plant Advances	\$0
5	Service Line & Meter Advances	\$12,539
6	Total Advances (Line 4 plus Line 5)	\$12,539
7	Gross Contributions	\$971,696
8	Amortization of Contributions	\$640,644
9	Net Contributions (Line 7 less Line 8)	\$331,052
10	1/24 Purchased Power/Water ¹	2,023
11	1/8 Operation & Maint. ²	77,765
12	Inventory	\$0
13	Prepayments	\$21,237
14	Total Other Items (Sum of Lines 10 through 13)	\$101,025
15	Rate Base (Line 3 less Line 6, less Line 9, plus Line 14)	384,525

NOTE: 1. Line 10 is the quotient of Line 4 from Schedule 1 divided by 24.

2. Line 11 is the quotient of Line 5 from Schedule 1 divided by 8.